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TO RUEHC/SECSTATE WASHDC 1270
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RUEHBJ/AMEMBASSY BEIJING 2003
RUEHBS/USEU BRUSSELS 1265
RUEAIIA/CIA WASHDC
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RUEATRS/DEPT OF TREASURY WASHINGTON DC
RHEFDIA/DIA WASHINGTON DC
RUEHDBU/AMEMBASSY DUSHANBE 3177
RUEHBUL/AMEMBASSY KABUL 2306
RUEHML/AMEMBASSY MANILA 0174
RUEHNE/AMEMBASSY NEW DELHI 2231
RHEHAAA/NSC WASHINGTON DC
RUEHVEN/USMISSION USOSCE 2041
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UNCLAS SECTION 01 OF 02 DUSHANBE 001582

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STATE FOR SCA/CEN;
AMEMBASSY ANKARA FOR AGCOUNSELOR;
STATE FOR EEB/TPP/ABT GARY A. CLEMENTS;
COMMERCE FOR ITA/OTEXA MARIA D'ANDREA;
USTR FOR CAROYL MILLER

E.O. 12958: N/A

TAGS: [EAGR](#) [ECON](#) [EFIN](#) [EINV](#) [EIND](#) [ELAB](#) [EAID](#) [ETRD](#) [PGOV](#) [TI](#)
SUBJECT: UNSEAMLY TAJIK TEXTILES MARKET

REF: STATE 114799

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¶1. (U) Comment: Tajikistan's junior-size textile and apparel industry struggles to gain investment that would better utilize in-country cotton production. Despite the government's continued pleas for more processing capacity, private companies must weave through a maze of customs, taxation, and regulatory entanglements in order to do business here. End Comment.

¶2. (U) Embassy Dushanbe provides the following data on Tajikistan's textile and apparel sector as requested in reftel. Data were collected from the State Statistical Agency, Ministry of Energy and Industry, and press reports.

-- Total Industrial Production
2006: USD 1.325 billion
2007 (mid-year): USD 737 million

-- Textiles and Apparel Production
2006: USD 184 million
2007 (mid-year): USD 91 million

-- Textile/apparel share of host country imports
2006: 1.18%
2007 (mid-year): 1.10%

-- Textile/apparel share of host country exports
2006: 12.6%
2007 (mid-year): 10.73%

-- Textile/apparel exports as percentage of overall textile production
2006: 92%

-- Exports in textiles and apparel to the U.S.
2006: n/a
2007 (mid-year): n/a

Total Manufacturing Employment
2006: 90,150
2007 (mid-year): 89,000

Total Textiles and Total Apparel Employment
2006: 21,525
2007 (mid-year): n/a

Textile Industry - So Far, Not Sew Good

¶3. (U) Between 11-13% of Tajikistan's raw cotton production (18,000 tons) is processed in Tajikistan. There are 19 textile enterprises in Tajikistan, four of which produce final products -- the remaining produce cotton yarn for export.

¶4. (U) Tajikistan has sought foreign investment in its textile processing industry in order to increase the value of its cotton exports. However, the government has done little in the way of easing bureaucratic requirements in order to attract private investors. Four private Tajik companies are investing a total of \$100 million in new textiles factories: HIMA, Olimi Karimzod, Guliston, and Khujand Invest. These four factories will be able to process up to 25,000 tons of cotton.

¶5. (U) One Tajik company HIMA has built a 100,000 square meter textile factory that according to its owner will produce 30 English types of cotton yarn for export to Italy. HIMA has an agreement in place with Italian buyers to sell 2,000 tons of cotton yarn for \$3,600 per ton. However, conflicting regulations on customs duties and VAT exemptions has halted the company's plans to import new equipment, and pushed off the plant's opening.

¶6. (U) Local companies have sought protection from Chinese imports, but the government has not taken any action, and Chinese textiles flow across the border into Tajikistan. Wages

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in the textile industry remain higher than the national average wage, and companies have not reported any decrease in export demand for their wares.
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